



January 2, 2020

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For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Cary Sifferath at (202) 789-0789.

The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee programs in more than 50 countries. Financial support from our private industry members, including state checkoffs, agribusinesses, state entities and others, triggers federal matching funds from the USDA resulting in a combined program value of more than \$26 million.

Chicago Board of Trade Market News

Week in Review: CME Corn March Contract					
\$/Bu	Friday December 27	Monday December 30	Tuesday December 31	Wednesday January 1	Thursday January 2
Change	1.50	-1.75	-0.50		3.75
Closing Price	390.00	388.25	387.75		391.50
Factors Affecting the Market	March corn finished with mild support that pushed it above the 100-day moving avg. for the first time since Aug. Trading was slow following Wednesday's holiday, and the EIA reported a slight increase in ethanol production. The U.S. dollar fell 61 bps.	A firm start faltered at mid-day and saw corn close in the red amid 400 KMT of exports. U.S. trade relations are improving, which should be bullish. Funds are paring down their short positions despite good weather in S. America. Outside markets were up and the USD dropped 18 bps.	March corn threatened to breakout to the downside but buying interest at moving avg. support prevented that. Yesterday's CFTC data showed funds still short 85,000 contracts of corn, which should be considered bullish. Outside markets were supportive with a lower USD.	Markets were closed for the U.S. New Year's holiday.	Corn closed at the top of its recent trading range, buoyed by strong Chinese economic data and improving U.S. trade relations. South American weather is favorable and could produce big crops there. U.S. cash prices are steady. USD posted its first gain in a week.

Outlook: March corn futures are 1.5 cents (0.4 percent) higher this week following generally quiet trade during the Christmas and New Year's holiday weeks. The markets are mostly watching global export demand developments as well as keeping an eye on the South American weather. The USDA's January WASDE report is expected to bring some modest adjustments to the world corn/feed grain balance sheets, including some possible reductions to U.S. ending stocks. For now, however, traders are adjusting positions while watching exports and weather forecasts.

The weekly Export Sales report is delayed until Friday, January 3 due to the New Year's holiday but Monday's Export Inspections report featured 408,000 MT of corn shipments, up 2 percent from the prior week, along with 4,000 MT of sorghum inspections. YTD corn shipments are 55 percent below last year's levels while sorghum and barley inspections are up 90 and 171 percent, respectively.

Cash corn prices are steady this week with the average price across the U.S. reaching \$146.10/MT. Basis levels have widened under an uptick in farm sales and a holiday-induced reduction in commercial buying interest. The U.S. average basis reached 20 cents under March futures this week. Barge CIF NOLA values are unchanged at \$169/MT for spot positions while FOB NOLA offers are up 1 percent at \$176.75/MT.

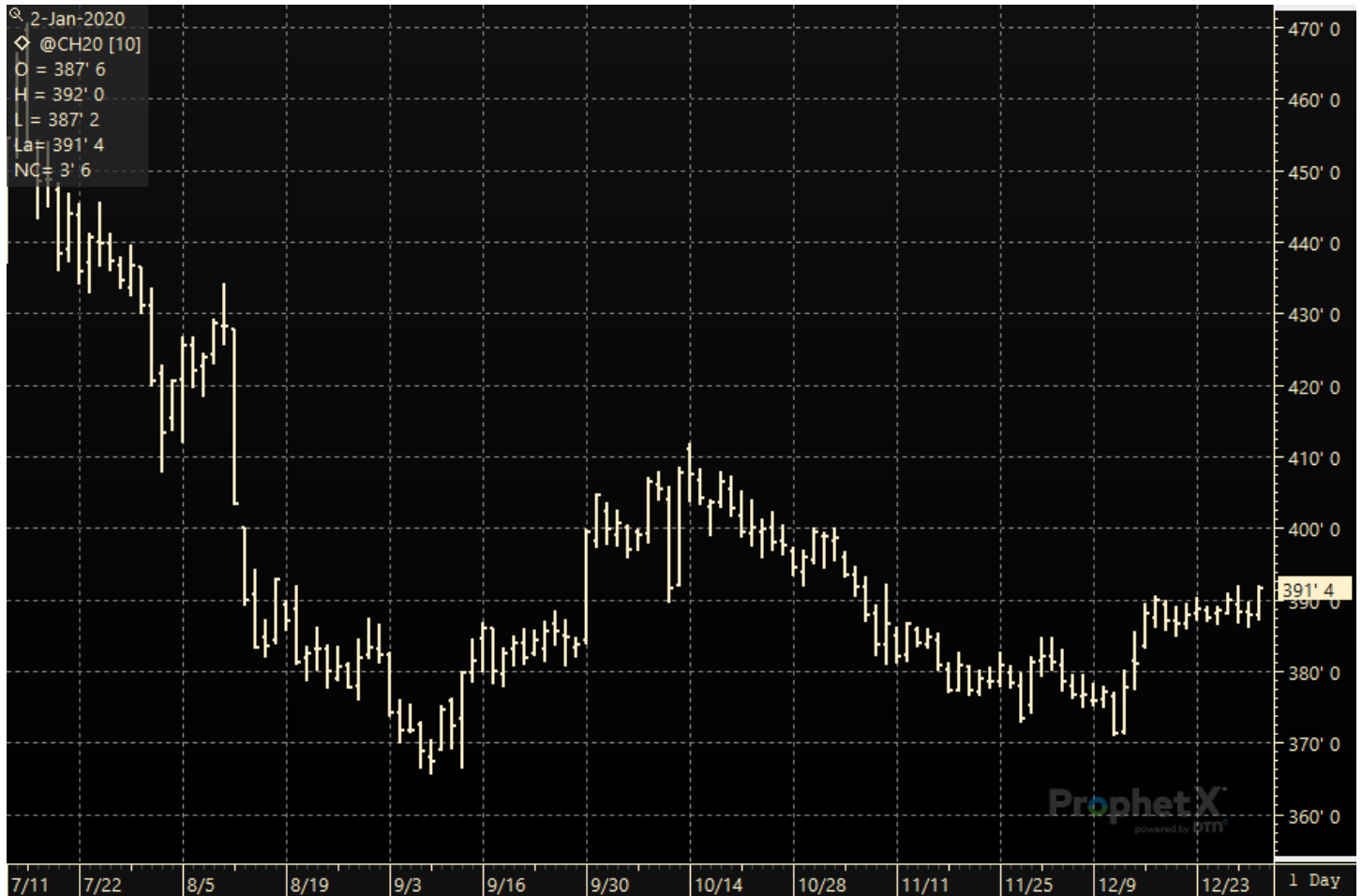
From a technical standpoint, March corn is once again range-bound with a ceiling at \$3.92 and support at \$3.85. The market is waiting for a fundamental shock to justify a move outside of this range, but fundamental changes are typically hard to find in January. Seasonally, the market should start a slow climb higher, but that extends partly on how much grain USDA says is in U.S. grain bins in its January reports as well as how exports perform going forward. With U.S. Gulf corn competitive against other international destinations, however, there seem to be good odds of a seasonal swing higher.

Interest Rates and Macroeconomic Markets, January 2, 2020

	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
Interest Rates						
U.S. Prime	4.8	0.0	0.0%	0.0	0.0%	
LIBOR (6 Month)	1.9	0.0	-0.5%	0.0	1.3%	
LIBOR (1 Year)	2.0	0.0	-0.8%	0.1	4.1%	
S&P 500	3,257.9	18.0	0.6%	140.4	4.5%	
Dow Jones Industrials	28,869.1	247.7	0.9%	1,191.3	4.3%	
U.S. Dollar	96.8	-0.7	-0.7%	-0.6	-0.6%	
WTI Crude	61.1	-0.6	-0.9%	2.7	4.6%	
Brent Crude	66.2	-0.5	-0.8%	2.8	4.4%	

Source: DTN ProphetX, World Perspectives, Inc.

CBOT March Corn Futures



Source: DTN ProphetX

Current Market Values:

Futures Price Performance: Week Ending January 2, 2020			
Commodity	2-Jan	27-Dec	Net Change
Corn			
Mar 20	391.50	390.00	1.50
May 20	398.00	396.75	1.25
Jul 20	404.00	402.75	1.25
Sep 20	403.00	402.25	0.75
Soybeans			
Jan 20	944.25	929.50	14.75
Mar 20	956.25	941.50	14.75
May 20	969.50	955.25	14.25
Jul 20	981.00	966.75	14.25
Soymeal			
Jan 20	300.60	295.40	5.20
Mar 20	305.60	300.40	5.20
May 20	309.30	304.30	5.00
Jul 20	312.70	308.00	4.70
Soyoil			
Jan 20	34.97	34.73	0.24
Mar 20	35.24	35.04	0.20
May 20	35.52	35.32	0.20
Jul 20	35.80	35.61	0.19
SRW			
Mar 20	560.25	556.25	4.00
May 20	563.25	558.50	4.75
Jul 20	565.00	559.75	5.25
Sep 20	571.00	564.75	6.25
HRW			
Mar 20	485.25	479.75	5.50
May 20	493.75	488.00	5.75
Jul 20	501.25	495.50	5.75
Sep 20	508.75	502.50	6.25
MGEX (HRS)			
Mar 20	558.25	553.50	4.75
May 20	568.25	561.75	6.50
Jul 20	575.25	569.25	6.00
Sep 20	582.75	577.00	5.75

*Price unit: Cents and quarter-cents/bu. (5,000 bu.)

U.S. Weather/Crop Progress

U.S. Drought Monitor Weather Forecast: During the next 5 days (January 2 to 6), another surface low is forecast to develop across the southern Great Plain on January 2. This surface low and trailing cold are likely to bring heavy rainfall (1 to 3 inches) to the lower Mississippi Valley and Tennessee Valley with more modest amounts (1 inch or less) along the East Coast. A low pressure system with onshore flow is expected to bring rain and high-elevation snow to the Pacific Northwest, beginning of January 4. Although rainfall of around an inch is forecast along the Texas Gulf Coast during the next week, dry weather is likely across the remainder of Texas. Mild temperatures are forecast to prevail across the continental U.S. during the first week of January 2020, while bitterly cold temperatures persist throughout Alaska.

The CPC 6-10 day extended range outlook (January 6 to 10, 2020) indicates a slight tilt in the odds for above normal precipitation across much of the central and northeastern U.S. Below normal precipitation is favored for the Southeast along with California and the Southwest. The highest confidence in the temperature outlook exists across Alaska where below normal temperatures are likely to persist into the second week of January. Below normal temperatures are favored for the Great Basin and Rockies, while a warming trend is anticipated across the south-central and eastern U.S.

Follow this link to view current U.S. and international weather patterns and future outlook: [Weather and Crop Bulletin](#).

U.S. Export Statistics

Note: Due to the New Year's holiday, the next weekly Export Sales report will be published Friday, January 3, 2020. Updated export statistics will be provided in next week's Market Perspectives report.

U.S. Export Inspections: Week Ending December 26, 2019					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	16,760	6,191	271%
Corn	408,946	401,894	8,050,874	17,972,678	45%
Sorghum	4,049	157,401	869,974	458,712	190%
Soybeans	911,482	1,097,748	20,719,478	16,627,065	125%
Wheat	312,017	605,545	14,497,684	12,677,074	114%

Source: USDA/AMS. *Marketing Year is June 1-May 31 for wheat and barley and Sept. 1-Aug. 31 for corn, sorghum and soybeans. Week-to-week reports will vary due to exporter reported conditions & cancellations to previous week's reports.

USDA Grain Inspections for Export Report: Week Ending December 26, 2019						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	222,376	61%	45,177	100%	0	0%
PNW	19,990	5%	196	0%	0	0%
Interior Export Rail	121,207	33%	0	0%	4,049	100%
Total (Metric Tons)	363,573	100%	45,373	100%	4,049	100%
White Corn Shipments by Country (MT)			32,200 12,977 196	to Mexico to Colombia to S. Korea		
Total White Corn			45,373			
Sorghum Shipments by Country (MT)					4,049	to Mexico
Total Sorghum					4,049	

Source: USDA, World Perspectives, Inc.

FOB

Yellow Corn (USD/MT FOB Vessel)				
YC FOB Vessel Max. 15.0% Moisture	GULF		PNW	
	Basis (#2 YC)	Flat Price (#2 YC)	Basis (#2 YC)	Flat Price (#2 YC)
January	0.62+H	\$178.34	1.07+H	\$196.25
February	0.64+H	\$179.32	1.07+H	\$196.25
March	0.66+H	\$180.11	1.09+H	\$197.04

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	January	February	March
Gulf	\$210	\$211	\$213

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
January	0.95+H	\$191.52	0.80+H	\$185.62
February	0.95+H	\$191.52	0.80+H	\$185.62
March	0.95+H	\$191.52	0.80+H	\$185.62

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	January	February	March
New Orleans	\$214	\$216	\$217
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	January	February	March
New Orleans	\$537	\$541	\$545
<i>*5-10,000 MT Minimum</i>			

DDGS Price Table: January 2, 2020 (USD/MT)
 (Quantity, availability, payment and delivery terms vary)

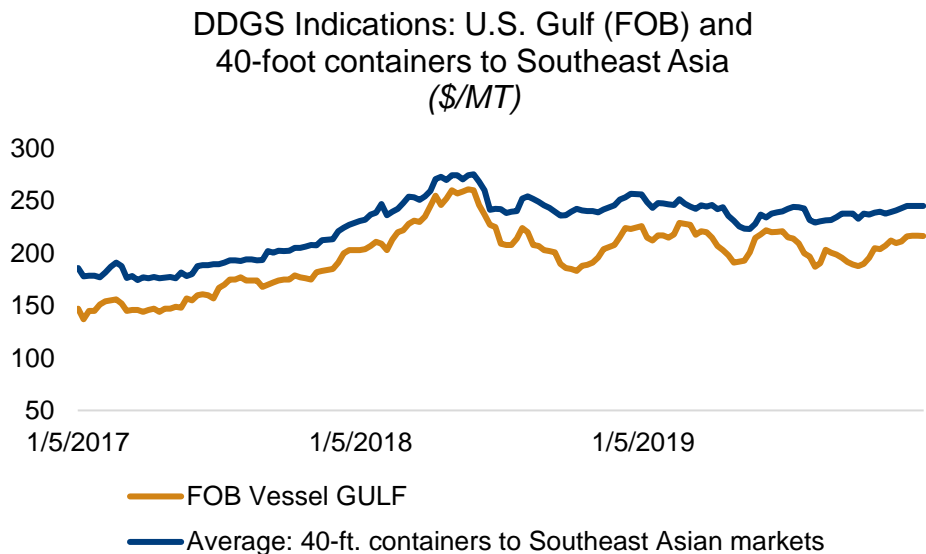
Delivery Point Quality Min. 35% Pro-fat combined	January	February	March
Barge CIF New Orleans	205	206	206
FOB Vessel GULF	217	218	218
Rail delivered PNW	225	227	228
Rail delivered California	229	231	231
Mid-Bridge Laredo, TX	228	230	230
FOB Lethbridge, Alberta	202	203	204
40 ft. Containers to South Korea (Busan)	239	235	237
40 ft. Containers to Taiwan (Kaohsiung)	236	233	234
40 ft. Containers to Philippines (Manila)	245	245	247
40 ft. Containers to Indonesia (Jakarta)	241	239	240
40 ft. Containers to Malaysia (Port Kelang)	242	239	241
40 ft. Containers to Vietnam (HCMC)	239	243	245
40 ft. Containers to Japan (Yokohama)	243	242	244
40 ft. containers to Thailand (LCMB)	243	250	251
40 ft. Containers to China (Shanghai)	234	235	236
40 ft. Containers to Bangladesh (Chittagong)	262	262	263
40 ft. Containers to Myanmar (Yangon)	260	264	266
KC Rail Yard (delivered ramp)	200	202	203
Elwood, IL Rail Yard (delivered ramp)	197	199	199

*Source: World Perspectives, Inc. *Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.*

Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments: Cash corn prices are steady across the U.S. this week with basis widening to 20 cents under March futures. Prices for DDGS FOB ethanol plants are \$2/MT higher, following a \$4.00/MT decrease in Kansas City soymeal prices. DDGS are priced at 108 percent of cash corn values, steady with last week and above the three-year average. The DDGS/soymeal price ratio is 0.48, higher than the prior week and above the three-year average.

DDGS markets are quiet this week with the New Year's holiday dampening trading activity. Merchandisers report that between the holiday, staff vacations, and no significant logistics issues, markets are thinly traded and prices are mostly in-line with the prior two week's values. Indications for January DDGS FOB NOLA are steady while offers for February and March are down \$1/MT from last week. Conversely, prices for 40-foot containers to Southeast Asia are up \$1/MT for deferred months, while spot values are unchanged at \$246/MT.



Source: World Perspectives, Inc.

Country News

Argentina: The Buenos Aires Grain Exchange maintained its estimate for corn planting at 6.3 million hectares. There was no reduction in the estimate due to improved moisture conditions. (Reuters)

Brazil: While ASF has challenged total feed demand, the Corn Ethanol National Union says that five new ethanol plants are being built in Mato Grosso plus others are in the works. Conab predicts that corn exports will fall 15 percent due to increased demand for ethanol feedstock. (S&P Global Platts; AgriCensus)

Canada: Stats Canada pegged the 2019 corn yield at 147.2 bushels/acre, down 5.8 percent from the five-year average. The yield forecast for 2020 based on the five-year average calls for 162.2 bushels/acre. (DTN)

China: Damage from the Fall army work will expand in 2020 into the main corn growing area of the northeast, according to the National Agriculture Technology Extension Service Center. The pest did damage to 1.13 million hectares in 2019. The Agriculture Ministry has not given approval for any new GMO crops to be grown domestically in a decade but now will approve two varieties developed by their domestic research facilities, Beijing Dabeinong Technology Group and Zhejiang University. (Reuters; Bloomberg)

India: State buyer MMTTC tendered for 50 KMT of corn imports as New Delhi considers increasing the import duty. (AgriCensus)

Japan: The share of corn in animal feed rose in October to 48.4 percent, up 0.6 percent from a year ago. Sorghum's share of feed was 1.7 percent and barley was 3.5 percent. (Reuters)

South Korea: NOFI missed on its bid for corn but MFG bought corn privately. (AgriCensus)

Taiwan: MFIG bought 69 KMT of corn for delivery in May from Engelhart Commodities Trading Partners (ECTP) at 157 cents over July. (AgriCensus)

Turkey: According to Turkstat, barley production is up 8.6 percent. (AgriCensus)

Uruguay: Corn is replacing soybean production due to the increase in livestock exports to China. (AgriCensus)

Zimbabwe: The UN advises that the country is likely to have another poor maize harvest in 2020 due to continued spotty rains. (Refinitiv)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans* January 2, 2020			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$45.75	Down 0.75	Handymax \$46.75 mt
55,000 U.S. PNW- Japan	\$25.00	Down \$0.50	Handymax \$25.75 mt
66,000 U.S. Gulf – China	\$44.75	Down \$0.75	North China
PNW to China	\$24.50	Down \$0.50	
25,000 U.S. Gulf- Veracruz, México	\$17.25	Down \$0.25	3,000 MT daily discharge rate
30-35,000+ U.S. Gulf- Veracruz, México	\$14.50	Down \$0.25	Deep draft and 6,000 MT per day discharge rate.
25-35,000 U.S. Gulf – East Coast, Colombia	\$19.50	Down \$0.50	W. Coast Colombia at \$30.00 USG to E/C 50,000 mt -\$16.00
From Argentina	\$34.00		
43-45,000 U.S. Gulf - Guatemala	\$28.25	Down \$1.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$33.75	Down \$0.50	8,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$34.75		3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$34.75	Down \$0.50	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$27.50	Down \$0.50	60,000 -55,000 mt Romania- Russia- Ukraine \$13.75 -\$14.50 -\$14.00 (France \$17.50)
PNW to Egypt	\$28.00		
60-70,000 U.S. Gulf – Europe, Rotterdam	\$17.75	Down \$0.50	Handymax at +\$1.75 more
Brazil, Santos – China	\$33.75	Down \$0.50	54-59,000 Supramax- Panamax
Brazil, Santos – China	\$33.00		60-66,000 Post Panamax
Itacoatiara-Port Upriver North Brazil	\$35.50		Upriver No. Brazil Plus - 55,000 mt Plus \$7.50/mt
56-60,000 Argentina/Rosario – China, Deep Draft	\$36.25	Down \$0.50	Upriver with BB Top Off \$40.75

Source: O'Neil Commodity Consulting

*Numbers for this table based on previous night's closing values.

Ocean Freight Comments

Transportation and Export Report: Jay O'Neil, O'Neil Commodity Consulting: December and January are historically dull, and therefore soft, months for global freight markets and this year was no exception. The Baltic Dry Index was down 28 percent in December and starts 2020 with little hope for substantial improvement. It is estimated that close to one third of the Capesize Dry-Bulk fleet has been fitted with scrubbers to comply with IMO2020. With IMO2020 now in full effect vessels will need to have scrubbers installed or use compliant fuel to comply with the new regulations.

Baltic-Panamax Dry-Bulk Indices				
January 2, 2020	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	17,818	17,827	-9	-0.1
P3A: PNW/Pacific– Japan	6,396	8,149	-1,753	-21.5
S1C: U.S. Gulf-China-S. Japan	20,679	22,617	-1,938	-8.6

Source: O'Neil Commodity Consulting

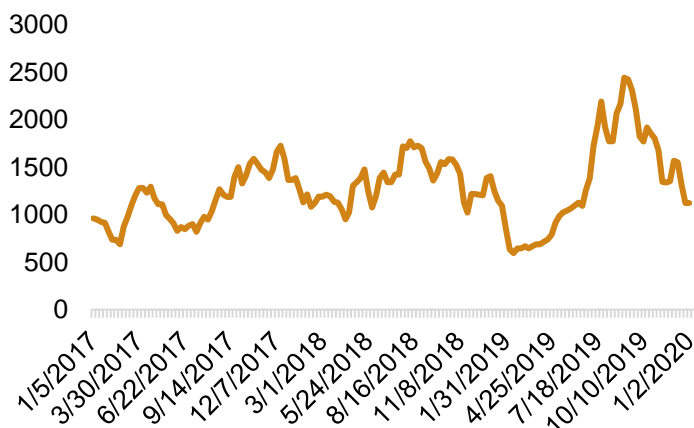
Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$9.85-10.65
Three weeks ago:	\$10.05-10.35
Two weeks ago:	\$9.35-10.35
One week ago:	\$7.10-8.45
This week	\$7.10-7.35

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
January 2, 2020	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.00	0.63	0.37	\$14.57	PNW
Soybeans	0.90	0.60	0.30	\$11.02	PNW
Ocean Freight	\$24.50	\$44.75	0.51-0.55	\$20.25	February

Source: O'Neil Commodity Consulting

Baltic Dry Index



Source: World Perspectives, Inc., O'Neil Commodity Consulting

Bulk Grain Freight Rates for Key Suppliers and Destinations
January 2, 2020

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		45.75	-1	-2.1%	-1.25	-2.7%	
U.S. PNW	Japan	25.00	-0.25	-1.0%	0	0.0%	
Argentina		36.50	0	0.0%	-2	-5.2%	
Brazil		33.50	0	0.0%	0	0.0%	
U.S. Gulf		44.75	-0.25	-0.6%	-1.25	-2.7%	
U.S. PNW	China	24.50	-0.25	-1.0%	0	0.0%	
Argentina		36.25	-0.75	-2.0%	-1.75	-4.6%	
Brazil		35.50	0.5	1.4%	1.25	3.6%	
U.S. Gulf		20.00	0.5	2.6%	-0.5	-2.4%	
Argentina	Europe	27.50	3	12.2%	-11	-28.6%	
Brazil		31.50	2	6.8%	-2	-6.0%	
Argentina	Saudi Arabia	43.50	2	4.8%	10	29.9%	
Brazil		45.50	2	4.6%	7	18.2%	
U.S. Gulf		29.50	1.00	3.5%	-4.00	-11.9%	
U.S. PNW	Egypt	29.05	-0.15	-0.5%	-3.60	-11.0%	
Argentina		28.50	3.00	11.8%	-7.00	-19.7%	
Brazil		33.50	2.00	6.3%	1.00	3.1%	
<i>Handysized Vessels</i>							
U.S. Gulf		36.50	1.00	2.8%	-1.00	-2.7%	
U.S. Great Lakes	Morocco	41.95	0.55	1.3%	-2.90	-6.5%	
Argentina		27.50	0.00	0.0%	4.00	17.0%	
Brazil		37.50	2.00	5.6%	10.00	36.4%	
U.S. Great Lakes	Europe	39.90	0.50	1.3%	-3.95	-9.0%	
Brazil		31.50	2.05	7.0%	-1.00	-3.1%	
Argentina	Algeria	33.50	2.00	6.3%	6.00	21.8%	
Brazil		42.50	4.00	10.4%	14.00	49.1%	
U.S. Gulf		19.50	-0.25	-1.3%	-1.00	-4.9%	
U.S. PNW	Colombia	31.05	0.25	0.8%	-0.05	-0.2%	
Argentina		34.00	-6.00	-15.0%	-1.00	-2.9%	
<i>Shipping Indexes</i>							
Baltic Dry Index		1123	-445	-28.4%	-283	-20.1%	

Source: World Perspectives, Inc. and O'Neil Commodity Consulting